

to the founding of the company, the Postmaster-General authorised the issue of 2000 fully paid shares.

It was provided that the dividend and interest on capital should be limited to 7½ per cent. cumulative, free of tax. The company had the right to provide sinking funds for the repayment of capital, and necessary depreciation, or to create a reserve fund to meet contingencies. The trustees automatically became directors, Mr. Goodfellow being chairman and Mr. Harris general manager.

#### Erection of Stations.

THE supply and erection of plant, the fitting of studios, and the maintenance of technical equipment, were undertaken initially by A. R. Harris Company, Limited.

In view of Mr. Harris's dual connection, a special clause in the company's articles of association was authorised by the Government to provide for this. The company was thus able to immediately take advantage of the experience and expert organisation of the A. R. Harris Company for handling work of this nature. The practice was adopted that every transaction between the Radio Broadcasting Co. and A. R. Harris Co. should be submitted to the directors of the first-named company, and every voucher duly approved by the chairman. Scrupulous care has been observed throughout. Article 19 (e) of the company's articles of association (duly approved by the Crown) specifically provides for these transactions, and outlines the exact procedure.

#### Financial Arrangements.

HAVING undertaken to provide a Dominion broadcast service, the directors sought consistently to advance the Government's scheme. Aid in this direction was given by the personal guarantees undertaken by the directors, and the assistance given by A. R. Harris Company, Limited. Without this co-operation much greater difficulty and considerable further delay would have been experienced, in view of the general apathy shown toward the service in the pioneering period.

When the establishment of a radio service was first mooted, radio was in its infancy, and the possibility of its growing into a permanent universal utility was seriously questioned by the general public. Attempts to interest business men in the financial side met with no response.

The proposal was subject to a good deal of criticism, and the attitude of scepticism generally adopted made finance extremely difficult; in consequence, the directors were compelled to pledge their personal securities.

The Radio Broadcasting Company of New Zealand, Limited.—Tabulated revenue account for the five years ended July 31, 1930:—

	1926.		1927.		1928.		1929.		1930.	
	Expenditure.	Income.	Expenditure.	Income.	Expenditure.	Income.	Expenditure.	Income.	Expenditure.	Income.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Balance from the previous year			1,082 19 4	22,616 11 0	485 5 4	3,051 12 0	1,153 1 7	188 3 5	65,995 19 9	65,995 19 9
General expenses	6,015 7 0	5,262 0 0	18,047 4 7	22,616 11 0	45,495 3 10	48,704 14 8	48,194 14 11	50,978 1 4	56,214 4 4	65,995 19 9
Interest on paid-up capital at 7½ per cent. p.a.	67 12 4		599 3 7		907 1 5		1,042 2 6	1,042 3 5	1,042 3 5	
Directors' fees			250 0 0		444 10 5		750 0 0	750 0 0	750 0 0	
Depreciation—										
Machinery and plant	262 0 0		2,818 11 4		3,450 11 10		3,873 18 3	4,853 15 6	4,853 15 6	
Office and studio equip.			303 17 6		777 12 10		920 7 3	1,450 12 0	1,450 12 0	
Buildings					206 1 0		300 8 0	341 19 6	341 19 6	
Balance—										
Loss		1,082 19 4		485 5 4		3,051 12 0		1,153 1 7		
Profit										
	6,344 19 4	6,344 19 4	23,101 16 4	23,101 16 4	51,846 6 8	51,846 6 8	58,133 2 11	58,133 2 11	65,995 19 9	65,995 19 9

General expenses include salaries and wages, talent, rent and rates, light, heat and power, printing and stationery, travelling, telephones, telegrams and postages, advertising, copyright, insurance, royalties and taxes, repairs and maintenance, discount, interest and exchange, legal and audit, miscellaneous trade expenses.

(Signed) W. R. McCALLUM, A.R.A.N.Z., A.I.A.N.Z., Auditor.

# "MARITANA"

The  
principal solos and choruses

will be broadcast

by 3YA and 4YA

on

Sunday, Aug. 23.

Presented by

John T. Leech

and his

Minnesingers.



Listen to:

"Alas, those Chimes,"

"'Tis the Harp in  
the Air,"

"Let Me, like a  
Soldier Fall,"

"Scenes that are  
Brightest,"

"Oh, What Pleasure."

The nominal capital of the company was set at £20,000; of this, £17,000 was subscribed, and £18,896 was paid up. In addition, the directors gave their joint and several guarantees to the bank for £15,000. Subsequently debentures to the amount of £5000 were sold, and £15,000 secured from the Government on first mortgage debenture at 6 per cent. on the Wellington plant. For their personal guarantees to the bank the directors received neither remuneration nor monetary consideration. In addition to the foregoing, the A. R. Harris Company, Limited, who supplied the initial equipment on a 10 per cent. basis, with the exception of the Wellington plant, which was on 5 per cent., financed the company's expenditure over and above the moneys in hand, and extended credit without any charge whatsoever other than bank interest on the amount outstanding and funded in connection with the Wellington plant. The directors thus raised a total sum of £47,000, apart from accommodation provided by the A. R. Harris Company.

#### Revenue and Expenditure.

A SUMMARY of the revenue and expenditure for the five years ending July 31, 1930, appears on this page.

The foregoing shows that, after making provision for a 7½ per cent. dividend, losses were sustained for the first four years, and it was only in the fifth year that the company was able to pay the accumulated dividend on all shares. This accumulated loss amounted to

£1082 for the first year, £485 for the second year, £3051 for the third year, and £1153 for the fourth year. In the fifth year, after paying accumulated dividends, the profit remaining was £188.

In the first year no directors' fees were paid. In the second and third years part fees only were paid. In the fourth year all directors received an honorarium, the total of all three directors' fees not exceeding £750 per annum.

#### Debentures.

TO provide for the erection of 2YA as a super station, the Government agreed to advance £15,000 on first mortgage debenture at 6 per cent. per annum. This liability still exists, and interest has been duly paid. On the average, throughout the period of the contract, the Post and Telegraph Department has held £18,000 each month of listeners' fees due to the company, but for this no offset in interest has been allowed. Debentures to the amount of £5000 were sold to the public at an interest rate of 7½ per cent., as allowed by the agreement. In regard to these debentures, and also in regard to the overdraft accommodation provided for the company, the directors considered the question of setting up a redemption fund for repayment, but the revenue did not permit of this being done.

Depreciation has been provided for on machinery and plant, office and studio equipment and buildings, but no provision has been made for general reserves of any kind.

#### Audit.

THE books, accounts, and vouchers of the company are subject to a continuous audit by the auditors of the company, and the correctness of the balance-sheet and revenue account verified as required by the provisions of the Companies Act.

After the certification of the annual accounts by the company's auditor, the Post and Telegraph Department each year, since the formation of the company, has sent an experienced officer to audit and investigate the books and accounts. Every inquiry made by the officer has been answered to his satisfaction, and the fullest information placed before him. He has had access to all papers and documents, and every facility has been given to enable him to investigate the financial dealings and operations of the company. These officers, at the conclusion of their work each year, have expressed their appreciation of the courtesy and ready attention afforded them, and their entire satisfaction with the full and clear system of accounting adopted.

#### Overseas Investigation.

OWING to the increasing demand for diversity of entertainment, and the difficulty of achieving finality in overseas negotiations for specially recorded programmes, the directors decided that the general manager should visit the United States and Canada. The particular object was to ascertain the technical possibility of recording broadcast matter, and reproducing it without loss of quality, and whether such recordings could be made available for New Zealand. This journey was made from May to August last year, at a cost to the company of £400. Much valuable information was gathered, and connections made for the continuous supply of special recordings of outstanding programme features, a series of which is at the present time being broadcast weekly from the company's stations.

Many aspects of broadcasting were investigated, one of the most important being radio interference, and as an outcome the company has included proposals for a co-operative scheme for effectively dealing with this difficulty. As a result of this visit and report of the general manager, and of an earlier visit by the company's chief engineer,

the directors hold the view that the company's plant, equipment, and service is as complete and up-to-date as high-class leading American stations of similar power which are regarded as the world's best.